STATE OF SOUTH CAROLINA DEPARTMENT OF INSURANCE

IN THE MATTER OF:)		
)		
LIFE INSURANCE COMPANY OF)		
GEORGIA AND SOUTHLAND LIFE)		
INSURANCE COMPANY,)		
5780 POWERS FERRY ROAD, N.W.)		
ATLANTA, GA 30327-4390.)	Case Nos:	112516 and 112523
)		
)		

CONSENT ORDER

THIS CAUSE came on for consideration and final agency action by the South Carolina Department of Insurance (the DEPARTMENT). Upon consideration of the record, and being otherwise fully advised in the premises, I, as the Director of Insurance of this State, hereby find:

- 1. Life Insurance Company of Georgia (LOG) and Southland Life Insurance Company (Southland) are licensed to transact insurance in this state. Accordingly, the DEPARTMENT has jurisdiction over the subject matter of this proceeding and over both LOG and Southland.
- 2. By unanimous Resolution the National Association of Insurance Commissioners (the NAIC) the NAIC authorized the Georgia Department of Insurance, in consultation with other regulators, to act as the Lead Regulatory Negotiator in negotiations with LOG and Southland, seeking a proposed negotiated settlement of issues resulting from claims of allegedly racially discriminatory practices by LOG and Southland relating to the sale of certain industrial life insurance and small face amount life insurance policies.

- 3. In accordance with said NAIC Resolution, a proposed settlement has been presented to the DEPARTMENT, the terms of which are set forth in the Regulatory Settlement Agreement dated February 20, 2002, which has been executed by LOG, Southland and the Georgia Department of Insurance, in its capacity as Lead Regulatory Negotiator.
- 4. Prior to the initiation of formal administrative proceedings against LOG and Southland by the DEPARTMENT, LOG and Southland agreed to compromise and settle this matter by waiving any rights the companies may have had to a public hearing, and the parties have submitted this matter to me along with a specific recommendation for my summary decision. The recommendation of the parties is contained in the Regulatory Settlement Agreement, which is attached to this Consent Order as **Exhibit A**.
- 5. Pursuant to the Regulatory Settlement Agreement and exhibit(s) to that Agreement, LOG and Southland have agreed to pay to the State of South Carolina the sum of \$750,323 if (i) the South Carolina Department of Insurance signs a Consent Order adopting the Regulatory Settlement Agreement (Exhibit A) and (ii) all of the conditions necessary for finalization of the Regulatory Settlement Agreement (Exhibit A) have been met. Such payment shall be due to the State of South Carolina only after both of these events have occurred and, assuming occurrence of these events, shall be made consistent with the terms of the Regulatory Settlement Agreement.
- 6. The parties agree that to the extent the Consent Order affect South Carolina insureds, it shall be governed by the laws of the State of South Carolina, and the jurisdiction of any dispute arising under this Consent Order shall be vested in the Court of Common Pleas for the State of South Carolina, Richland County.

- 7. Upon review of the Regulatory Settlement Agreement, it is found that it is a fair and proper disposition of the matters addressed therein. By its signature upon this Consent Order, LOG and Southland acknowledge that they each understand the terms and conditions of this Consent Order and further understand that the finalized Consent Order shall be a public record, subject to the disclosure requirements of the State of South Carolina's <u>Freedom of Information Act</u> S.C. Code Ann. § 30-4-10, *et seq.* (1991, as amended, and Supp. 2000).
- 8. After carefully considering the recommendations of the parties, and pursuant to the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. § 38-2-10 (2002) and S.C. Code Ann. § 38-5-130 (2002), I hereby accept the recommendation of the parties and impose an administrative penalty in the total amount of \$750,323 contingent on the terms and conditions of Exhibit A being satisfied as more particularly set forth in paragraph 3 hereof. This administrative penalty has been agreed to by the parties as a result of negotiation and compromise, and in consideration of LOG and Southland's cooperation with this multi-state investigation.

IT IS THEREFORE ORDERED:

The Regulatory Settlement Agreement dated February 20, 2002 and attached as Exhibit A hereto, is hereby approved, adopted and fully incorporated herein by reference. LOG and Southland shall immediately initiate compliance with all terms and conditions of the Regulatory Settlement Agreement as incorporated herein and, provided the conditions in paragraph 6 above are met, will make payment of the allocated administrative penalty in the amount of \$750,323. All terms and conditions of the Regulatory Settlement Agreement are hereby ORDERED. It is further ordered that a copy of this Consent Order shall be immediately

transmitted to the National Association of Insurance Commissioners for distribution to its member states.

DONE and ORDERED this _____day of May, _____2002.

Ernst N. Csiszar

Director of Insurance

I CONSENT:

Authorized Representative

Life Insurance Company of Georgia and

Southland Life Insurance Company

5780 Powers Ferry Road, N.W.

Atlanta, GA 30327-4390

cc: Andrew Beal

General Counsel

National Association of Insurance Commissioners

Post Office Box 87-9135

Kansas City, Missouri 64187-9135

Jane Simpson

General Counsel

Georgia Department of Insurance

2 Martin Luther King, Jr. Drive

Floyd Memorial Building

704 West Tower

Atlanta, Georgia 30334